

[Translation]

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To whom it may concern:

Civil Rehabilitation Debtor: MtGox Co., Ltd.

Civil Rehabilitation Trustee: Attorney-at-law Nobuaki Kobayashi

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### **Announcement on Measures to Secure Interests of Bankruptcy Creditors**

In the bankruptcy proceedings (the “Bankruptcy Proceedings”) of MtGox Co., Ltd. (“MTGOX”), the examination report dated February 28, 2018, required as the conditions of commencement of the Civil Rehabilitation Proceedings that “measures are taken to secure the interests that are expected to have already been obtained, in light of the size of the bankruptcy estate that has been established in the Bankruptcy Proceedings, by all creditors who filed proofs of claims for the pending bankruptcy case against the bankrupt entity, especially creditors whose bankruptcy claims are monetary claims, before the order of commencement of Civil Rehabilitation Proceedings is made, i.e., before the stay of the Bankruptcy Proceedings.”

As a result of consultation with the court and the examiner based on the examination report, the bankruptcy trustee took a certain measure before the order of commencement of Civil Rehabilitation Proceedings as a measure to secure interests expected to have already been obtained by the bankruptcy creditors in the Bankruptcy Proceedings.

I hereby notify you of the measures taken by the bankruptcy trustee.

#### **I Measures to Secure Interests for all Bankruptcy Creditors who filed Proofs of Bankruptcy Claims**

As a measure to secure interests expected to have already been obtained by all bankruptcy creditors who filed proofs of bankruptcy claims in the Bankruptcy Proceedings, the bankruptcy trustee sold a certain amount of bitcoin (“BTC”) and bitcoin cash (“BCH”) that belonged to the bankruptcy estate, during the period from the 10th creditors’ meeting in the Bankruptcy Proceedings (i.e., from March 7, 2018) to the commencement of Civil Rehabilitation Proceedings, and secured a certain amount of money for the bankruptcy estate (the “Sale”).

## 1. Summary of Sale

The quantities sold under the Sale and the amounts paid into the bankruptcy trustee's account are shown below.

Type of cryptocurrencies	Quantity sold	Amounts paid into bankruptcy trustee's account
BTC	24,658.00762 BTC	JPY 22,561,004,011
BCH	25,331.00761 BCH	JPY 3,414,698,341
	Total amount	JPY 25,975,702,352

## 2. Grounds for Implementing Sale

As a result of consultation with the court and the examiner, the bankruptcy trustee (i) determined that it was necessary and appropriate to procure a suitable amount of money to secure the interests that the creditors for the principal amount and delay damages of the determined and undetermined bankruptcy claims that have been filed in the Bankruptcy Proceedings (approximately JPY 73,373 million in total, including BTC claims (i.e., claims such as those for the return of cryptocurrency split from BTC; hereinafter the same) and monetary claims) which were expected to have already obtained in the Bankruptcy Proceedings, and (ii) implemented the Sale.

As a result of the Sale, the balance in the bankrupt trustee's account was approximately JPY 70,059 million immediately prior to the establishment of the trust in accordance with the Trust Agreement described below. As mentioned below, from the amount of approximately JPY 70,059 million, the bankruptcy trustee established a trust of JPY 15,894,530,915.

## II Measures to Secure Interests of Monetary Creditors who Filed Proofs of Bankruptcy Claims

The bankruptcy trustee created the structure of a trust (the "Trust") and a guarantee by entering into a trust agreement (the "Trust Agreement") and a guarantee entrustment and guarantee agreement (the "Guarantee Entrustment and Guarantee Agreement") with Sumitomo Mitsui Banking Corporation ("SMBC") as a measure to secure interests expected to have already been obtained by the monetary creditors who filed proofs of bankruptcy claims in the Bankruptcy Proceedings.

### 1. Summary of Trust Agreement and Guarantee Entrustment and Guarantee Agreement

The Trust Agreement and Guarantee Entrustment and Guarantee Agreement are summarized below.

**(1) Summary of Trust Agreement**

Settlor and beneficiary:	The bankruptcy trustee, and after commencement of the Civil Rehabilitation Proceedings, the civil rehabilitation trustee
Trustee of the Trust:	SMBC
Trust assets:	JPY 15,894,530,915 as of the date of establishment of the trust which includes the amount expected to be appropriated for various expenses (the “ <u>Trust Assets</u> ”)
Purpose of Trust:	The settlor entrusts money to the trustee, and the trustee provides, among others, guarantees for the obligations regarding the monetary claims for which proofs of bankruptcy claims were filed, which are only paid out of the Trust Assets for the sake of the beneficiaries. The monetary claims subject to such guarantee are limited to those accepted under the Civil Rehabilitation Proceedings and others; hereinafter, the same.

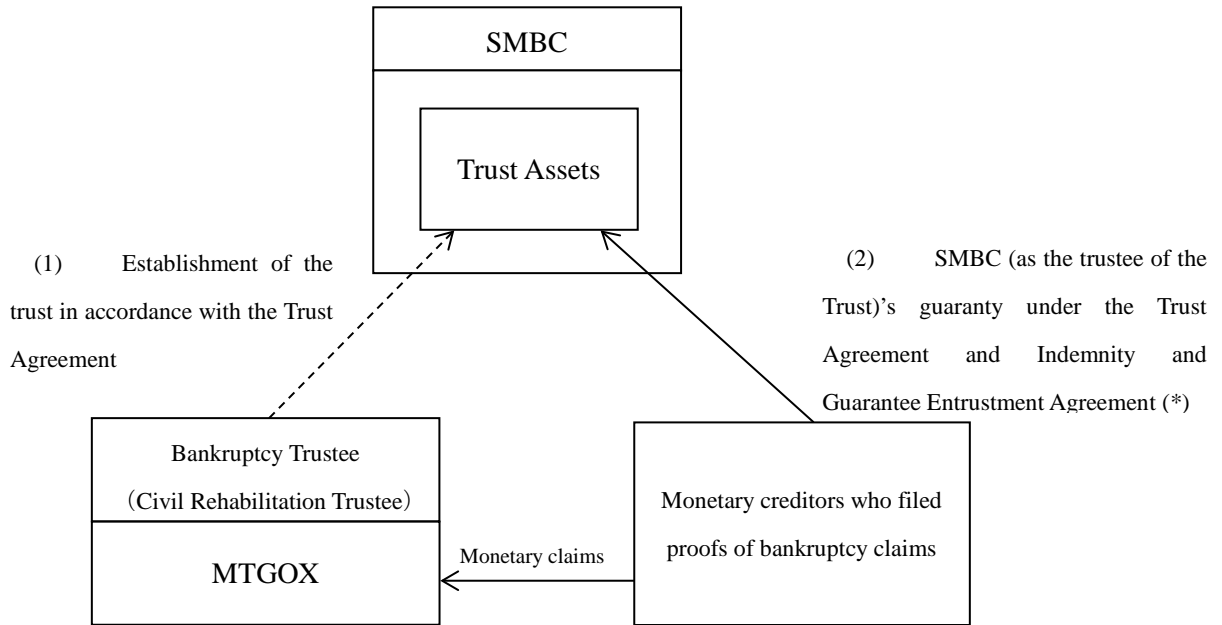
**(2) Summary of the Guarantee Entrustment and Guarantee Agreement**

SMBC (as the trustee of the Trust) provides, among others, guarantees for the obligations regarding the monetary claims for which proofs of bankruptcy claims were filed jointly and severally with the bankruptcy trustee (or the civil rehabilitation trustee after the commencement of the Civil Rehabilitation Proceedings), which are only paid out of the Trust Assets.

The Guarantee Entrustment and Guarantee Agreement shall fall under the agreement for third parties, with the bankruptcy trustee as the promisee, SMBC (as the trustee of the Trust) as the promisor, and monetary creditors who filed proofs of bankruptcy claims as the “third party beneficiaries” as provided under Article 537 of the Civil Code.

**2. Structure Chart of Trust Agreement and Guarantee Entrustment and Guarantee Agreement**

The structure chart of the Trust Agreement and the Guarantee Entrustment and Guarantee Agreement may be simplified as follows:



(\*) As mentioned below, the beneficiaries of SMBC (as the trustee of the Trust)'s guaranty are limited to the creditors who declared their intention to enjoy the beneficial interests as "third party beneficiaries" under Article 537 of the Civil Code.

### 3. Rationale for Concluding Trust Agreement and Guarantee Entrustment and Guarantee Agreement

As a result of consultation with the court and the examiner, the bankruptcy trustee entered into the Trust Agreement and the Guarantee Entrustment and Guarantee Agreement with SMBC, determining that it is necessary and appropriate to (i) establish a trust for the principal and delay damages of the monetary claims filed in the Bankruptcy Proceedings, the total amount of which is about JPY 17,864,000,000, with the Trust Assets being a suitable amount of money for the interests creditors were expected to have obtained in the Bankruptcy Proceedings, and (ii) provides, among others, guarantees for obligations regarding the monetary claims for which proofs of bankruptcy claims have been filed, which are only paid out of the Trust Assets.

Due to the Sale, the bankruptcy trustee has already secured a suitable amount of money to secure the interests that are expected to have obtained by BTC creditors under the Bankruptcy Proceedings in connection with BTC claims to be treated as non-monetary claims under the Civil Rehabilitation Proceedings. Accordingly, the

bankruptcy trustee has determined that the interests expected to have already been obtained in the Bankruptcy Proceedings can be secured without taking the profit-securing measures under the Trust Agreement and Guarantee Entrustment and Guarantee Agreement for the BTC claims, and the BTC claims are not included in the subject protected claims under the Trust Agreement and the Guarantee Entrustment and Guarantee Agreement.

**4. Benefit of Trust Agreement and Guarantee Entrustment and Guarantee Agreement**

Due to the Trust Agreement and the Guarantee Entrustment and Guarantee Agreement, the interests expected to have already been obtained by the monetary creditors under the Bankruptcy Proceedings in connection with the monetary claims filed in the Bankruptcy Proceedings are protected under, among others, the guaranteed claims which are only paid out of the Trust Assets.

The civil rehabilitation trustee is considering to prepare a rehabilitation plan taking into consideration that the monetary claims filed in the Bankruptcy Proceedings are protected as described above and to repay such monetary claims, the principal obligations, in accordance with such rehabilitation plan. If such repayments are made, repayments of the guarantee obligations, among other obligations, under the Trust Agreement and the Guarantee Entrustment and Guarantee Agreement will become unnecessary.

Please note that monetary creditors who have filed proofs of bankruptcy claims may be protected under a guarantee claim, among other claims, only if they have declared their intentions to enjoy their beneficiary interests as “third party beneficiaries” under Article 537 of the Civil Code in accordance with the provisions of the Trust Agreement and the Guarantee Entrustment and Guarantee Agreement within a certain period of time.

I will notify you again at a later date about the details of the Trust Agreement and the Guarantee Entrustment and Guarantee Agreement, and how the monetary creditors may declare their intentions to enjoy the beneficiary interests, including matters such as the method to declare such intentions to the civil rehabilitation trustee and the requirement of submission of information for the account to which remissions will be made for repayments of the guarantee and other obligations.

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